Dominion Energy Utah 333 South State Street, Salt Lake City, UT 84145 Mailing Address: P.O. Box 45360, Salt Lake City, UT 84145 DominionEnergy.com



November 15, 2018

Heber M. Wells Building P. O. Box 45585 Salt Lake City, UT 84145-0585

Re: Replacement Infrastructure 2019 Annual Plan and Budget – Docket No. 18-057-22

#### Dear Commissioners:

In accordance with Section 2.07 of Dominion Energy Utah's Natural Gas Tariff No. 400 (Tariff), Dominion Energy Utah (Dominion Energy or Company) hereby provides the annual plan and budget describing the estimated costs and schedule for the Replacement Infrastructure for 2019. As shown in Exhibit 1, Dominion Energy has budgeted \$53.886 million to replace segments of Feeder Lines 22, 23, and 47 during 2018 (Column B, Line 5). Dominion Energy has also budgeted \$16.5 million to replace several segments of intermediate high pressure (IHP) belt lines in Salt Lake and Davis Counties (Column B, Line 9). In addition to 2019 replacement, the Company expects to spend about \$0.55 million on engineering studies and preparation related to replacement projects scheduled to begin after 2019 (Column B, Line 10). Column B, Line 11 shows the total budgeted amount of \$70.936 million.

Exhibit 2 provides summaries taken from the High Pressure (HP) and IHP Master Lists. Page 1 shows the existing HP footages by size and year of installation in columns A-X. Column Y shows the anticipated footage that will be replaced in 2019. Page 2 shows similar information for the IHP belt line footages to be replaced. Exhibit 3 shows the route of each of the respective projects. Exhibit 4 shows the projected time line for each of the projects identified above.

As set forth in Section 2.07 of the Tariff, Dominion Energy considers a number of elements in determining which pipelines to replace. The criteria the Company uses in scheduling HP and IHP pipeline replacements is set forth in Attachment 5 to the Company's May 1, 2017 correspondence to the Commission and Confidential Exhibit E to the Partial Settlement Stipulation in Docket 13-057-05, respectively. Where possible, the Company has made an effort to group projects in proximate geographic areas to minimize Company and contractor travel and mobilization/demobilization costs.

Paragraph 24 of the Partial Settlement Stipulation in Docket No. 13-057-05 (approved by the February 21, 2014 Report and Order in the same docket) provides that the budget shall not exceed \$65 million (adjusted for inflation using the Global Insight "GDP Deflator" rate). Exhibit 5 is a copy of the GDP deflator provided in the October 2018

IHS US Economic Outlook publication. Adjusting the Commission-allowed \$65 million budget cap by the 1.1% 2015 inflation rate, the 1.1% 2016 inflation rate, the 1.9% 2017 inflation rate, the 2.3% 2018 inflation rate, and the 2.5% 2019 inflation rate results in a \$70.936 million cap for 2019. The Company anticipates that it will continue to replace HP and IHP infrastructure at a rate of \$65 million per year adjusted for inflation. The Company will continue to monitor the federal requirements related to pipeline safety and will report whether this level of spending is adequate in its next general rate case.

Also, in accordance with the Settlement Stipulation and Report and Order in Docket No. 13-057-05 and with Section 2.07 of Dominion Energy's Tariff, the Company will continue to submit quarterly reports to the Division of Public Utilities showing the progress and costs associated with these projects. As part of its first quarter report, the Company will also provide updated Master Lists and replacement schedules for HP and IHP infrastructure.

Respectfully Submitted,

Kelly Mendenhall

Director

Regulatory and Pricing

cc: Division of Public Utilities
Office of Consumer Services

# 2019 Feeder Line Replacement Budget

(A)		(B)					
, ,							
Feeder L	ine	Projected 2019 Cost					
1 High Pressure (HP)							
2 FL23/FL22	1/	\$34,351,572					
3 FL21	2/	\$16,535,000					
4 FL47		\$3,000,000					
5	Total HP	\$53,886,572					
6 Intermediate High Pro	essure (IHP)						
7 Salt Lake County Total		\$4,500,000					
8 Davis County Total		\$12,000,000					
9	Total IHP	\$16,500,000					
3	101411111	710,500,000					
10 Pro-ongineering /futur	co projects)	\$550,000					
10 Pre-engineering (futur	e projects)	\$550,000					
44 7 - 10040   - 1 - 1		470.006.570					
11 <b>Total 2019 budget</b>		\$70,936,572					

<sup>1/</sup> FL23 and FL22 are one continuous line that will be replaced by FL127.

<sup>2/</sup> FL21 will be replaced by FL122.

NOTE: Footages listed below are those provided in the Spring 2018 Master List and do not reflect any 2018 retirements

A B C D E F G H J K L M N D Estimated Amount to be 1950 1951 1952 1953 1954 1955 1958 1959 1960 1961 1963 1964 1966 1967 1968 1970 1971-2017 Retired 0 5,635 128,778 96 15,927 3,978 0 0 0 0 0 0 FL021 0 1,837 12,050 0 374 0 15,160 1.05 1.315 1.66 2.375 91 60 994 12 362 3.5 4.5 0 55 2,956 338 4,257 32,883 107 0 3,100 1,230 6,625 0 0 5,520 4,819 0 1,425 8.625 10.75 12.75 10 19 0 6,787 9,389 0 0 16 0 0 0 0 0 19,414 0 413 0 0 0 78 12,394 2,748 18 20 12,050 2,170 57,900 FL023 0 169,090 3,821 10 70 11,588 1,085 8,109 218 0 293 13,586 557 1.315 1.66 2.375 154 17 9 0 8,091 0 0 0 0 229 1,809 3. 4. 139 0 11,531 2 3,531 0 18 0 6.625 1.009 1.022 655 2,628 3,398 4,284 10.75 62 12.75 0 57 57,900 16 0 18 0 0 0 0 0 0 0 20 24 0 0 0 0 0 FLO47 0 5,025 19,428 4,892 1.05 0 0 0 0 1.315 1.66 2.375 3.5 0 0 0 0 77 4.5 6.625 8.625 10.75 16 12 17,129 12.75 0 0 2,297 4,815 14 0 0 0 0 0 0 0 16 18

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## **IHP Belt Line Master List**

A B C D E F G H I J

Salt Lak	ce County			Estimated 2019 Retirement/						
Size	Material	1929 1930-39 1940-49 1950-59 1960-69 1970 Total						Replacement Footages		
24"	Steel	0	0	0	0	11,497	0	11,497		
20"	Steel	0	0	5,572	0	2,784	0	8,356		
16"	Steel	43,151	0	0	0	0	33	43,184	2,850	
12"	Steel	11,120	0	0	2,100	2,686	0	15,906	7,000	
10''	Steel	1,068	3,402	7,991	9,373	688	24	22,546		
8"	Steel	2,408	0	9	12,939	14,959	0	30,315		

Salt Lake County Footage 131,804 9,850
Salt Lake County Miles 25.0 1.9

Utah (	County	Footage						Estimated 2019 Retirement/	
Size	Material	1929	1930-39	Replacement Footages					
12"	Steel	0	0	154	0	0	0	154	
10"	Steel	0	0	0	0	3,235	0	3,235	
8''	Steel	0	0	0	86	1,629	0	1,715	

Utah County Footage 5,104 0
Utah County Miles 1.0 0.0

Weber	County		F		Footage	Estimated 2019 Retirement/			
Size	Material	1929	1929 1930-39 1940-49 1950-59 1960-69 1970 Total					Replacement Footages	
16"	Steel	0	0	0	0	17	0	17	
14"	Steel	0 - 1	0	0	17,737	36	0	17,773	,
10"	Steel	766	5,838	0	12,789	2,401	0	21,794	
8"	Steel	2,093	0	3,983	13,199	15,231	0	34,506	

Weber County Footage 74,090 0
Weber County Miles 14.0 0.0

Davis	County	Footage						Estimated 2019 Retirement/			
Size	Material	1929	1930-39	1940-49	1950-59	1960-69	1970	Total	Replacement Footages		
12"	Steel	0	0	0	0	2,901	0,	2,901			
10"	Steel	418	0	0	64,553	0	0	64,971	35,200		
8''	Steel	0	0	0	0	7,336	0	7,336			

Davis County Footage 75,208 35,200
Davis County Miles 14.2 6.7

			Estimated 201	ted 2019 Retirement/		
	Footage	Miles	Replacement Footages			
Salt Lake County	131,804	25.0	Footage			
Utah County	5,104	1.0	90	45,050		
Weber County	74,090	14.0	Mileage			
Davis County	75,208	14.2	# <sub># *</sub>	8.5		
T-4-1	000 000	F40				

Total 286,206 54.2

## **Davis County Belt Line Replacement**

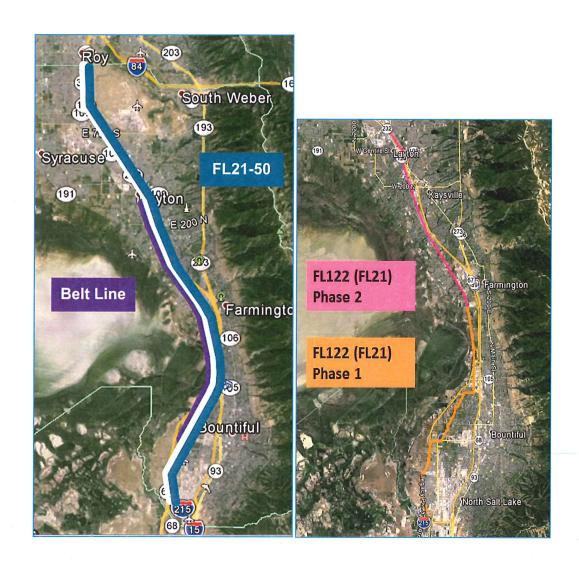
Phase I: Glovers Ln in Farmington to 500 S in Bountiful

Phase II: Glovers Ln in Farmington to Old Mill Ln in Kaysville

## **FL21 Replacement**

Phase I: Glovers Ln in Farmington to Center Street in North Salt Lake

Phase II: Glovers Ln in Farmington to SR-193 in Clearfield



Dominion Energy Utah Docket No. 18-057-22 Exhibit 3 Page 2 of 6

FL47 – I-15 and West of I-15 relocation project. SR193 relocation in Clearfield



FL22/23 Phase 1 Replacement: Brigham City foothills to Wellsville



FL22 Phase 2 Replacement:



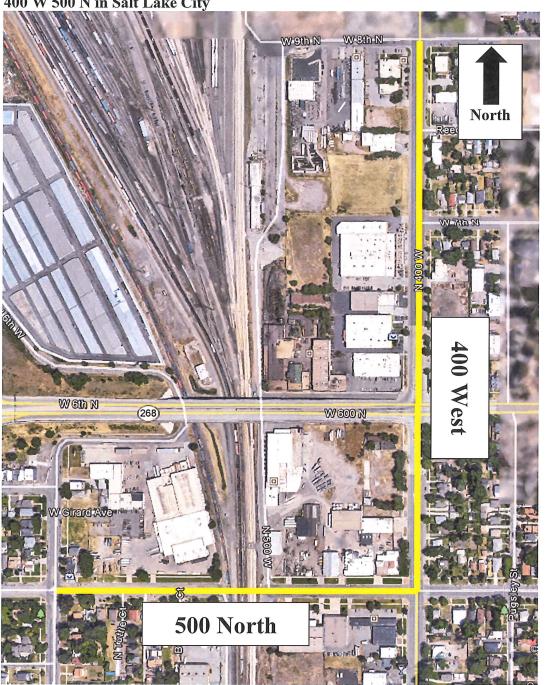
Dominion Energy Utah Docket No. 18-057-22 Exhibit 3 Page 5 of 6

# Salt Lake County Belt Line Replacement 300 E between 1700 S and 2100 S in Salt Lake City



Dominion Energy Utah Docket No. 18-057-22 Exhibit 3 Page 6 of 6

Salt Lake County Belt Line Replacement 400 W 500 N in Salt Lake City



#### 2019 Timeline

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
FL23/FL22												
FL21												
FL47												
Salt Lake County IHP								S. Carl	70/4CJR			
Davis County IHP												

# Inflation Rate (Using GI

	Real GDP	Nominal GDP	Deflator		GDP Deflator)		Amount
2014	16,899.8	17,521.7		1.04			65,000,000
2015	17,386.7	18,219.3		1.05		1.1	65,695,135
2016	17,659.2	18,707.2		1.06		1.1	66,413,512
2017	18,050.7	19,485.4		1.08		1.9	67,675,887
2018	18,574.0	20,508.5		1.10		2.3	69,222,477
2019	19,084.8	21,594.3		1.13		2.5	70,936,572
2020	19,472.0	22,586.8		1.16		2.5	72,721,500
2021	19,775.9	23,522.7		1.19		2.5	74,570,936
2022	20,075.7	24,469.5		1.22		2.5	76,414,026
2023	20,386.2	25,429.9		1.25		2.3	78,203,655

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Exhibit 5 IHS Markit | US Economic Outlook Page 2 of 2 Summary of the US Economy 2023 2022 2021 2019 2020 2018 2016 2017 2014 2015 2013 2012 2011 1.5 Composition of Real GDP, Percent Change 2.0 1.6 2.2 2.9 2.8 1.6 2.5 2.9 1,8 1.6 2.2 1.6 1.6 1.6 Gross Domestic Product 2.1 2.5 2.8 2.6 2.1 2.2 1.6 2.6 1.5 2.1 1.5 Final Sales of Domestic Product 1,6 2.0 1.6 2.5 2.6 2,3 0.8 2.6 1.3 3.2 1.5 2.3 3.4 1.5 1.6 2,0 **Gross Domestic Income** 27 2.7 2.2 2.7 1.2 2.8 2.8 1.6 1.8 1.9 1.9 2.5 2.1 Avg. of GDP and GDI 2.8 2.5 2.6 3.7 27 2.9 1.5 1.9 1.5 3.3 3.3 4.2 3.5 **Total Consumption** 4.5 6.8 5.6 5.5 7.6 6.1 7.2 1.4 6.0 5,1 1.4 1.6 Durables 2.7 1.8 2.9 2.1 2.7 2,6 3.4 0.4 1.8 1.7 0.9 1.8 2.4 2.1 Nondurables 2,6 2.3 2.0 2.1 3.2 0.6 2.4 2.0 1.2 1.7 2.5 2.1 3.5 4.8 Services 7.0 5.3 6.9 1.8 0.5 9.5 4.1 8.7 1.9 1.9 Nonresidential Fixed Investment 2.2 4.1 3.2 6.1 7.0 -1.5 3.1 11.0 4.7 6.7 13.4 2.4 2.3 2.6 2.9 3,3 Equipment 11.9 9,5 6.7 4,4 4.8 6.2 4.9 9.2 2.1 3.3 Information Processing Equipment 3.3 -0.5 3.8 3.1 6.6 -1.24.0 02 -1.4 84 2,8 3.3 19.9 -0.8 13.3 1.6 Industrial Equipment 7.3 -3.7 10.2 -5.9 10.8 10.8 18.4 3.0 28.5 4.2 4.4 7.1 Transportation equipment 12.6 9.9 8.3 -10.5 1.8 5.5 13.7 1.6 -1.4 10.7 3.9 -0.1 -0.8 4.9 6.5 Alreraft -6.8 -4.5 9.0 2.2 7.8 9.5 2.5 2.7 10.7 4.4 3.2 6.8 Other Equipment 4.6 7.7 7.5 4.3 3.7 5.4 5.0 1.6 6.2 1.7 2.0 Intellectual Property Products 2.8 5.9 3.3 4.6 -3.0 -5.0 10,6 13.0 1.3 2.7 3.8 5.3 5.9 9.4 3.0 Structures 3.2 0.8 10.6 17.7 12.9 3.6 -0.5 8.4 -2.3 -3.0 Commercial & Health Care 2.4 0.9 2.4 -8.1 -15.2 33.8 -5.1 13.0 4.2 15.2 -3.8 -0,6 -1.8 -5.8 -6.1 -5.3 Manufacturing -1.5 -0.8 0.3 -3.4 -4.4 15.0 21.0 -4.2 -7.8 -2.5 Power & Communication 11.5 0.3 3.1 35.6 -43.2 41.8 -29.1 6.8 1.6 26.3 11.9 4.2 4.5 5.7 3.0 5.4 Mining & Petroleum 0.9 9.3 7.2 1.7 3.3 8.3 10.7 0.8 -8.4 1.3 4.0 1.4 1.1 0.3 Other 3.3 6.5 3.9 10.1 12.4 -0.1 13,0 3.6 4.0 3.4 Residential Fixed Investment 5.2 4.0 3,8 3.0 -0.1 4.3 0.6 3.4 3.6 2.8 7.1 4.1 3.4 6.6 4.7 6.4 Exports 4.6 1.9 5.1 5.5 1.5 5.6 2.7 -1.3 -2.6 -1.1 0.3 4.5 3.6 Imports 0.7 0.4 -0.0 -5.5 -2.6 -1.9 0.9 -2.60.9 1.0 1.0 1.1 Federal Government 0.9 -0.5 2.0 0.1 -0.3-3.5 -2.2 State & Local Government 19775.9 20075.7 20386.2 19084.8 19472.0 **Billions of Dollars** 18574.0 17659.2 18050.7 17386.7 16495.4 16899.8 16197.0 24469.5 25429.9 23522.7 15840.7 22586.8 20508.5 21594.3 Real GDP 19485.4 18707.2 17521.7 18219.3 16784.9 15542.6 Nominal GDP 2.3 2.5 Prices & Wages, Percent Change 2.5 2.5 2.5 2.3 1.9 1.1 1.0 1.9 1.8 2.1 1.9 2.3 2.2 2.3 2.5 GDP Deflator 2,6 2.4 2.1 1.3 0.1 1.6 1.5 2.1 1.9 3.1 2.1 2.3 2.5 2.1 **Consumer Prices** 3.2 3.3 -1.0 1.9 -3.3 1.2 1.9 4.0 3.8 6.0 3,9 Producer Prices, Finished Goods 3.3 3.6 3.0 2.5 2.1 1.9 2.1 2.1 1.9 2.2 Employment Cost Index - Total Comp. 81.57 82.19 82,39 82.29 Other Key Measures 80.67 54.84 74.19 44.24 99.83 52.68 108.74 111.77 110,96 1.3 1.6 1.8 Brent Crude, Spot Price (\$/bbl) 1.2 1.6 1.4 0.1 1.1 1.3 0.8 0.9 0.5 1.7 -0.0 1.5 1.5 2.7 2.1 Productivity (%ch.) 3.7 1.6 -1.0 -1.9 3.1 2.0 3.0 74.4 3.1 74.8 74.4 Total Industrial Production (%ch.) 75.5 75.9 75.7 74.6 74.8 75.8 74.9 75.0 75.8 49.0 73.6 57.6 50.6 73.7 **Factory Operating Rate** 79.3 35.2 27.4 90,3 127.8 28.4 98.2 89,9 96.5 48.4 97.0 96.8 Nonfarm Inven. Chg. (Bil. 2012 \$) 97.8 97.9 97.7 96.B 92.9 91.8 B4.1 76.5 79.2 16.57 67.4 16.47 16.41 16,60 Consumer Sentiment Index 16.75 17.15 17,03 17.46 16.45 17.40 15.53 12.74 14.43 1.443 1.438 1.444 Light Vehicle Sales (Mil. units) 1.346 1.433 1,271 1,177 1,208 1.107 0.999 0.784 0.928 5.853 0.612 5.801 5.662 5.710 Housing Starts (Mil. units) 5,360 5.431 5.541 4.923 5.228 5,440 5.078 4.657 4.277 4.5 Exist. House Sales (Total, Mil. units) 4.1 3.6 3.8 3.5 3.9 5.3 4.9 4.4 6.2 **B.1** 7.4 8,9 0.2 0.1 0,5 1.1 Unemployment Rate (%) 1.6 1.4 1.6 2.1 1.8 1.9 1.6 1.7 -1206.5 Payroll Employment (%ch.) 1.2 -1023.8 -1122.9 -1183.2 -980.1 -909.1 ·581.7 -680.9-478.0-487.7 -559.5 -1060.B -1249.6 -688.5 -710.6 Federal Surplus (Unified, FY, bil. \$) -667.7 -695.3 -449.1 -492.7 -589.7 -432.9 -407.8 -365.2 -426.B -348.B -445.7 Current Account Balance (Bll. \$) 3.30 Financial Markets, NSA, Quarter Average 3.43 1.82 2.81 3,36 3.42 1.00 0.13 0.40 0.09 0.11 0.14 0.10 3.03 3.17 3.15 2.76 3.16 Federal Funds Rate (%) 1.96 0.32 0.93 0.05 0.06 0.03 0.09 0.05 3.52 3-Month Treasury Bill Rate (%) 2.33 2.94 3.41 3.57 3.56 3.55 1.84 2.14 2.54 2.35 1.80 2.79 5,24 5.21 5.26 10-Year Treasury Note Yield (%) 4.55 5.05 5.24 3,65 3,99 4.17 3.05 3.98 3.66 4.46 3139 30-Year Fixed Mortgage Rate (%) 3063 2448 2805 2987 3014 3024 2061 2092 1643 1931 1380 1769 1.3 2.5 S&P 500 Stock Index 14.6 6.5 0.9 0.3 1.5 17.0 17.5 6.8 19.1 11.4 8.7 1.192 1.210 (Percent change) 1,159 1,205 1.215 1.216 0.985 1.109 1.160 1.157 0.945 0.956 0.920 Exchange Rate, Broad Index of Partners -1.5 -0.5 4.0 0.9 0.1 4.6 0.2 12.5 3.1 1.1 2.8 -4.6 (% change, annual rate) 4.1 4.2 Incomes 4.4 4.5 4.7 4.8 4.4 5.7 4.9 2.6 1.2 6.2 5.1 2.0 Personal Income (% ch.) 1.9 1.7 2.6 2,8 2.4 2.5 2.1 4.1 4.0 3.3 -1.3 2.4 6.5 Real Disposable Income (%ch.) 6.3 6.7 6.4 6.3 6.7 6.4 7.6 6.7 7.4 6.4 8.9 7.2 2355

Source: IHS Markil

October 2018

(Percent change)

Saving Rate (%)

After-Tax Profits (Billions of \$)

1737

-6.4

1855

3.7

1789

-1,B

1021

18.5

1537

1737

-0.0

1831

5.4

1954

6.7

2042

4.5

2096

2.6

2146

2.4

2217

3.3

6.2

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#### CERTIFICATE OF SERVICE

This is to certify that on November 15, 2018 a true and correct copy of the Dominion Energy Utah application for Replacement Infrastructure 2019 Annual Plan and Budget Replacement was served upon the following by electronic mail:

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